

SBA EXPORT FINANCE PROGRAMS

Rev. April 2010

When exporters are not bankable without a government loan guarantee, the U.S. Small Business Administration (SBA) offers a guarantee of 90% to lenders on export loans. The loans have varying loan size limits with \$2 million being the maximum. Interest rates are market-based, not subsidized, and negotiated between the bank and the borrower. SBA fees vary by loan terms and amounts and for some loans may be waived during 2010. A personal guaranty is required and other conditions may apply.

Eligibility

- Meet SBA's size standards for small businesses
- Have been in business for at least 12 continuous months
- For all types of businesses, incl. service exporters
- Also businesses not directly exporting but who produce or sell product s/services for export

Depending on the type of export financing, i.e., export transaction financing, export market development, or long-term financing for buildings, construction and equipment, four SBA loan programs are available.

A. EXPORT WORKING CAPITAL PROGRAM [EWCP]

http://www.sba.gov/financialassistance/borrowers/guaranteed/7alp/EXP_WORK_CAPITAL_7A-LOAN-PROG.html

For single orders or multiple sales (line of credit) the Export Working Capital Program (EWCP) provides export working capital for pre-shipment or post-shipment financing or both for terms of 12 months or less. While the maximum SBA guarantee is \$1.5 million, with an EXIM Bank co-guaranty, the loan limit is \$2 million. Proceeds also can be used to support a Stand by Letter of Credit used as bid and performance guaranty. SBA's guaranty fee is ¼ %; the lender receives a 90% guaranty on the loan, thereby significantly reducing the bank's risk.

- Pre-shipment: for the manufacture of goods, to purchase finished goods or services for export. WIP eligible.
- Post-shipment: to finance accounts receivable resulting from export sales (180 days maximum).
- Combination: to finance both the acquisition or production of export goods and services and the resulting accounts receivable; especially well-suited for contract financing of export sales or frequent exporters.

B. EXPORT EXPRESS

http://www.sba.gov/financialassistance/borrowers/guaranteed/7alp/EXPORT_EXPRESS_7A-LOAN-PROGRAM.html

For a variety of export financing, i.e., marketing, trade shows, transactions, equipment, expansion, etc., Export Express loans are available through designated SBA Express Lenders. As a sub-program of SBA Express, these loans have the same expedited review; maximum loan size is \$250,000. Guarantees for lenders are normally 85% up to \$150,000 and 75% up to \$250,000, but have been 90% in much of 2009-2010 because of stimulus funding.

C. EXPORT EXPANSION LOAN – ITL -

http://www.sba.gov/financialassistance/borrowers/guaranteed/7alp/INTNL_TRADELOAN_PROG_7A-LOAN.html

This program offers long-term financing to support growing export businesses which can be used for fixed assets, i.e., construction, buildings, equipment, etc. Companies adversely affected by import competition also are eligible. SBA's usual guarantee of \$1.5 million is increased for a combination term ITL loan and EWCP to \$1.75 million, with a sub-limit for working capital of \$1.25 million.

D. 504 LOAN PROGRAM

<http://www.sba.gov/financialassistance/borrowers/guaranteed/CDC504lp/index.html>

This program allows for major business expansion, equipment, construction and modernization. SBA finances 40% of the deal with fixed interest rate, 10- or 20-year debentures based on U.S. Treasury notes. A bank will finance 50% of the transaction and hold a first lien position. SBA-designated CDCs (Community Development Corporation) will help structure the loan which requires at least a 10% equity participation by the borrower. SBA's share of the deal for exporters can go as high as \$2 million, \$4 million for manufacturers.

*Dennis R. Chrisbaum, SBA Regional Manager
Export Solutions Group, Office of International Trade
U.S. Export Assistance Center, Denver
Tel: 303.844.6623 x 218; dennis.chrisbaum@sba.gov*